

Daily Market Brief

September 18th 2024



FOREIGN EXCHANGE MARKETS

(Sources: Bloomberg / Reuters)

EUR/USD

The EUR/USD pair trades on a stronger note around 1.1125 during the Asian trading hours on Wednesday. The rising expectation of the US Federal Reserve deeper rate cut provides some support to the major pair. The Eurozone Harmonized Index of Consumer Prices data and the Fed monetary policy meeting will be the highlights on Wednesday.

GBP/USD

The United Kingdom Office for National Statistics will release August Consumer Price Index figures on Wednesday. Inflation, as measured by the CPI, is one of the main factors on which the Bank of England bases its monetary policy decision, meaning the data is considered a major mover of the Pound Sterling. The Bank of England will announce its monetary policy decision on Thursday. The Pound Sterling is technically bullish and could surpass the 1.3300 mark.

USD/JPY

The Japanese Yen retraces its losses against the US Dollar due to rising expectations of a bumper Federal Reserve rate cut on Wednesday. Traders will shift their focus on the BoJ policy decision on Friday, with expectations of keeping rates unchanged while leaving the possibility open for further rate hikes. The US Dollar receives downward pressure from rising odds of a 50 basis point cut by the Fed on Wednesday.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.1120	1.1130	1.1113	0.05	0.98	0.73
GBP-USD	1.3158	1.3172	1.3156	-0.02	0.88	3.35
USD-JPY	141.42	142.42	141.23	-0.70	0.66	-0.27
USD-CHF	0.8455	0.8473	0.8450	-0.20	0.80	-0.48
Commodities	Last	High	Low	% Daily	% Weekly	% YTD
Gold	2566.71	2576.52	2565.82	-0.11	2.19	24.42
Silver	30.39	30.79	30.35	-1.00	5.99	27.73
Crude Oil	70.67	71.21	70.53	-0.73	4.99	-0.44
Bitcoin	60263.60	60766.47	59903.31	0.21	0.64	41.77
Etherium	2321.56	2354.35	2310.84	-0.99	-4.20	1.72
Period	1M	3M	6M	12M		
SOFR (\$)	4.96	4.82	4.44	3.85		
ESTR (€)	2.69	3.38	3.16	2.69		
SONIA (£)	4.90	4.79	4.59	4.18		
SARON (F)	0.94	0.88	0.76	0.63		
TONAR (¥)	0.22	0.15	0.11	0.05		
Central Banks Rates						
U.S.	5.50					
ECB	3.65					
BOE	5.00					

INTERNATIONAL EQUITY MARKETS

(Sources: Bloomberg / Reuters)

UNITED STATES OF AMERICA

The S&P 500 ended Tuesday near the flatline after hitting a record high as the market awaited the Federal Reserve's key interest rate cut decision. The latest retail sales data indicated solid consumer health. While investors expect a cut Wednesday, the market is divided on the size of the potential reduction.

EUROPE

European stocks closed higher Tuesday, rebounding from a negative session at the start of the week as upcoming central bank meetings remained in focus. Shares of Commerzbank hit a 12-year high on reports from Bloomberg that UniCredit is seeking approval from the European Central Bank to build up a 30% stake in the company. Shares later eased to close near-flat.

ASIA

Asia-Pacific markets were mixed Wednesday, following gains on Wall Street that saw both the S&P 500 and the Dow Jones Industrial Average reach new highs. Japan's imports and exports in August rose 2.3% and 5.6%, respectively, from a year ago, according to Japan's Ministry of Finance, both missing the Reuters poll estimates of 13.4% and 10% growth.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	41606.18	-0.04	2.33	10.39	41693.00	0.14
S&P	5634.58	0.03	1.45	18.13	5643.00	0.08
Nasdaq	17628.06	0.20	-0.02	17.43	19450.75	0.08
DJ EuroStoxx50	4860.78	0.69	0.42	7.51	4856.00	-0.14
FTSE 100	8309.86	0.38	-0.02	7.46	8300.00	-0.26
CAC 40	7487.42	0.51	0.51	-0.74	7491.00	0.00
DAX	18726.08	0.50	2.20	11.79	18705.00	-0.18
IBEX 35	11703.40	1.06	6.88	15.85	11716.20	0.00
FTSE MIB	33780.28	0.63	2.24	11.30	33802.00	0.00
Nikkei	36203.22	0.17	-4.72	8.37	36010.00	0.08
Hang Seng	17660.02	1.37	1.32	3.59	17660.00	-0.08
DFM General	4395.20	0.00	3.58	8.26	N/A	N/A
MSCI Tadawoul	11885.66	0.15	-0.80	-0.68	N/A	N/A
Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	89.95	89.95	89.95	0.00	1.81	0.95
Solidere B	89.50	89.50	89.50	-0.28	5.11	-0.50

MUST READ

(Source: Bloomberg/ Forexlive)

BHP warns AI boom would worsen copper shortage

BHP, the world's largest miner, has sounded alarm bells on the growing global adoption of artificial intelligence in all fields, not out of fear for the future of humanity, but as the technology requires more energy-intensive computing, which would boost global copper demand. The growth of data centres and AI solutions could boost global copper demand by 3.4 million tonnes a year by 2050, BHP's chief financial officer Vandita Pant said this week. "Today, data centres are less than 1% of copper demand, but that is expected to be 6% to 7% by 2050," she told the Financial Times. "There is a lot of copper in data centres." BMO Capital Markets commodities analyst Colin Hamilton says that data centres themselves are becoming incrementally less copper intensive. "But getting the electricity to them, that is copper intensive," he warns. BHP expects global copper demand to rise to 52.5 million tonnes per year by 2050, up from 30.4 million tonnes in 2021—a 72% increase. The long-predicted copper shortage has sparked a race to secure access to the metal, highlighted by BHP's buy of Oz Minerals, its largest acquisition in a decade and its failed \$49 billion bid for smaller rival Anglo American in May. BHP's main interest in targeting Anglo was its copper mines. An electrified world has become increasingly dependent on battery metals, particularly on copper, and BHP was, not surprisingly, eager to secure a leading position in this market. A tie-up would have given the mining giant about 10% of global copper production at a time when copper prices are hitting record-highs. They have climbed about 23% so far this year. Global copper inventory has been falling in recent years, with those in CME warehouses tumbling 71% since late March to 8,947 tonnes in July this year, the lowest since 2008. New mines are not being developed quickly enough to offset the increasing need for copper—it typically takes 15 years to bring a project into production.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
General Mills	GIS US	\$ 41.47B	18-Sep-24	Pre-mkt	1.06	1.09
Darden Restaurar	DRI US	\$ 19.14B	19-Sep-24	Pre-mkt	1.83	1.78
Fedex Corporatioi	FDX US	\$ 72.84B	19-Sep-24	Aft-mkt	4.89	4.55
MillerKnoll Inc	MLKN US	\$ 1.91B	19-Sep-24	Aft-mkt	0.40	0.37
Lennar Corporatic	LEN US	\$ 51.49B	19-Sep-24	Aft-mkt	3.65	3.91

ECONOMIC CALENDAR

(18-09-24) UK - CPI MoM / YoY
(18-09-24) JP - Core Machine Orders MoM / YoY
(18-09-24) UK - CPI MoM / YoY
(18-09-24) EA - CPI MoM / YoY
(18-09-24) US - FOMC Rate Decision (Upper / lower bound)
(19-09-24) UK - Bank of England Bank Rate
(19-09-24) US - Philadelphia Fed Business Outlook

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